

MESSAGE FROM THE GOVERNOR.

To the Honorable, the House of Representatives:

I herewith return House bill No. 571, without my approval. The accompanying communication from the Railroad Commission of Texas, to which I invite attention, will furnish some of the reasons that have influenced my action in the premises.

JOSEPH D. SAYERS,
Governor.

RAILROAD COMMISSION OF TEXAS.

Austin, Texas, March 16, 1899.

Governor Joseph D. Sayers, Executive Office.

DEAR SIR: We are in receipt of your letter of yesterday, enclosing to us House bill No. 571, and asking our opinion thereon.

The Gulf, Beaumont & Kansas City Railway was chartered March 21, 1893, being before our stock and bond law was passed. It extends from Beaumont northward to a point in Jasper county, with fifty-one miles of its road built. It has a considerable amount of outstanding indebtedness.

The Gulf, Beaumont & Great Northern Railway was chartered on the 5th of August, 1898. It contemplates the construction of a railway extending from Sabine Pass through a number of counties in Eastern Texas to Paris, in Lamar county, a distance of 350 miles, and is authorized to issue \$350,000 in stock. But this Commission has not been called on to authorize it to issue any of either stock or bonds, from which fact we suppose it has none of either outstanding. It has been stated in the newspapers that ten miles of its road have been constructed, but this Commission has no official information as to what work has been done, if any, on the road.

As the two roads would occupy, in part at least, the same territory, their consolidation would seem to be desirable, but the bill should not be allowed to become a law in its present shape. In its caption, stating what the corporation may do, we find the following words, "and to regulate the reports of such property and the operation thereof." The Railroad Commission is authorized and required to prescribe the regulation of the reports of railroad companies. These words, it would seem, are intended to confer that authority on this company, and is not permissible.

In the first section of the bill we find these words, to wit: "The Gulf, Beau-

mont & Kansas City Railway Company, in the name of the Gulf, Beaumont & Great Northern Railway Company, shall be and is hereby authorized to issue first mortgage bonds," etc. The corporation could only issue such bonds as might be authorized by the Railroad Commission, and it has no authority to authorize the issue of first mortgage bonds. The bonds it is authorized to issue are all intended to represent dollars, and are not to be classed as first or second class. This provision should not be allowed to become law.

And in the same section we find a provision providing that after authorizing the issue of bonds equal to the value of the road, the issue of fifty per cent. of additional bonds are to be authorized. To do that would be to violate Article 12, Section 6, of the Constitution. This could only be done under the authority of the proviso to Article 4584b, of the Revised Statutes, to meet an emergency which might occur after the road has been constructed, when by some casualty, such as the destruction of its property by fire or flood or the like, it became necessary to renew or to preserve its property.

On the fourth page of this bill, where it provides for the cancellation of the bonds of the Gulf, Beaumont & Kansas City Railway, it makes no provision for the cancellation of its stock, if it has any, and if the bill should become a law in this form, this corporation might be charged with its value in bonds and still have outstanding stock, which, with the bonds, would aggregate more than the value of the road, its property and franchises, and would violate Article 12, Section 6, of the Constitution. We do not think that this bill should become a law in its present form.

Very respectfully
(Signed) JOHN H. REAGAN,
Chairman.